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# AGRICULTURAL COOPERATION

LEGAL, ECONOMIC, AND ORGANIZATION INFORMATION COLLECTED BY THE DIVISION OF COOPERATIVE MARKETING.  
BUREAU OF AGRICULTURAL ECONOMICS, UNITED STATES DEPARTMENT OF AGRICULTURE, WASHINGTON, D. C.

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## INSTITUTE OF COOPERATION ANNOUNCES THIRD SESSION

Announcement is made of the third summer session of the American Institute of Cooperation, to be held in cooperation with Northwestern University School of Commerce, Chicago, June 20 to July 16.

Arrangements have been made with more than 130 authorities on the various phases of cooperation in all parts of America and Europe to give special lectures at the coming session. Economists of the United States Department of Agriculture contributed to the programs of the two preceding sessions of the Institute and are included among the speakers for the coming session.

Several special features have been prepared. These include a joint meeting of the national association of attorneys of cooperative associations and the association of cooperative accountants.

In addition to the regular lecture program extending over four weeks, five courses open to advanced college students are offered. Arrangements have been made whereby Northwestern University will give credit to students completing this work.

These special courses are: Terminal Market Functions and the Co-operative Association, The Organization and Membership Problems of California Cooperative Associations, Price Objective of Cooperative Organizations, Problems of Cooperative Dairy Marketing, and Cooperative Management Problems. These courses will be in charge of professors and economists prominent in the cooperative movement.

The first course will deal with the methods of handling, storing, and selling farm products in terminal markets, with special reference to Chicago. The course on California cooperatives will be given by an economist who has been making a special study of these organizations for five years. Under the general subject of price objective, an examination will be made of the price theories of various cooperative leaders and executives. At the same time consideration will be given to the purposes animating the formation of associations and the determination of their form and general plan of operation. The various types of dairy marketing organizations will be studied in the course of problems of cooperative dairy marketing. In the course of cooperative management, attention will be given to typical problems of practical management as handled by present-day cooperative organizations.

### COURSE IN COOPERATION REQUESTED IN ALBERTA

At the annual convention of the United Farmers of Alberta, held in January, a resolution was adopted requesting the Provincial Government "to appoint a committee representative of the various groups involved, to draw up a course of study on the principles of cooperation for use in our public schools."

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### THREE NEW COURSES OFFERED BY OHIO STATE COLLEGE

Three new courses are being offered for the first time by the Department of Rural Economics of the Ohio State University. They are entitled: "The Economics of Livestock Marketing," "The Economics of Marketing Dairy Products," and "The Economics of Grain Marketing." The other courses offered by the department are: "Marketing Farm Products," "Cooperation in Agriculture," "Price of Farm Products," "Business Management in Agricultural Marketing," "Accounting for Country Elevators and Marketing Organizations."

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### GOOD NUMBER ATTEND MISSOURI SHORT COURSE

One hundred eight persons attended the three-days Short Course for directors, officers and managers of cooperative marketing associations, given by the College of Agriculture of the University of Missouri, in cooperation with the Missouri Farmers' Association and the U. S. Department of Agriculture, February 3 to 10, 1927. Those in attendance included 59 managers, 23 directors and officers, and 26 fieldmen and other individuals connected in some way with cooperative marketing. About 75 different cooperative organizations were represented, with an average membership around 250.

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### SECOND COOPERATIVE INSTITUTE IN SOUTH DAKOTA

Two full days of the farmers' week program at the South Dakota State College, the past winter were given over to a cooperative institute. Two sessions of the institute were devoted to grain marketing, and one each to the cooperative marketing of dairy products, livestock and wool. Following the institute proper occurred the annual meeting of the Cooperative Wool Growers of South Dakota. The speakers for the institute were largely secured from the department of farm economics of the State College and from the executive staffs of the more active cooperatives in South Dakota and adjoining states. This was the second cooperative institute held in South Dakota.

### INCREASED BUSINESS BY ILLINOIS FRUIT EXCHANGE

Shipments by the Illinois Fruit Exchange, Centralia, Ill., in the 1926 season, were equal to 709 car loads. A total of 372,358 packages were handled, including crates, flats, bushels and barrels. This was more than twice the volume of the business of the preceding year. The principal products handled were strawberries, apples, tomatoes, peaches, pears, and vegetables. Shipments were made to 124 cities in 26 states and in Canada. Approximately 22 per cent of the shipments went to points in Illinois, 11 per cent to Michigan points, 9 per cent to Missouri points, and 8 per cent to Ohio points.

At the sixth annual meeting, held early in February, plans were made for the 1927 shipping season, which is expected to start in May. At the close of the 1926 season the Exchange had a net worth of \$8,251.

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### CALIFORNIA FRUIT EXCHANGE DEVELOPING FOREIGN TRADE

A report from the California Fruit Exchange, Sacramento, states that 12,092 cars of various kinds of fruit were shipped during 1926. This fruit was marketed in 386 cities and towns in the United States and Canada, and in foreign markets. Forty-one per cent of the cars shipped were sold at private sale, and 59 per cent in 11 auction markets. A satisfactory foreign trade was developed in South America and Cuba, and some sales were made in Manila, Singapore and Honolulu. Gross delivered sales value of this fruit was approximately \$17,300,000.

Operating expenses for the year were one per cent higher than in previous years, due to extension of the sales department and creation of the office of Special Eastern Representative, and to increased expenses in the lumber department. However, the Exchange reports that it distributed \$600,000 in refunds to growers during the year. The "withholdings repayable" account amounts to \$1,750,000, for distribution during the next five years.

Grapes, cherries, apricots, persimmons, pomegranates, peaches, pears, plums, prunes and quinces, are among the fruits handled, and much attention is given to production and handling methods and to desirable types of packages for each class of fruit.

Scientific information is presented to the growers through "The Blue Anchor" magazine, which had a regular mailing list of 7,000 in 1926. The magazine was distributed throughout the United States and was instrumental in acquainting people with the organization and its products.



### TURNER CENTRE SYSTEM INCREASES CAPITAL STOCK

More than 200 stockholders attended the annual meeting of the Turner Centre System at Auburn, Me., February 11. The reports of the management for 1926 showed payments for milk and cream during the year to the amount of \$3,767,912, an increase of \$511,852 over the previous year. Earnings were \$56,890, an increase of \$38,842.

The meeting voted to endorse the work of the New England Dairy Council. A change was made in the by-laws to prohibit anyone serving on the board of directors who was in the pay of the company, with the exception of two men who have already served long and faithfully. The number of directors was increased from eight to nine. After discussion the stockholders voted to increase the amount of capital stock from \$2,000,000 to \$3,000,000.

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### CHALLENGE CREAMERY HANDLES MORE BUTTER

Sales of the Challenge Cream and Butter Association, Los Angeles, increased from \$11,520,341 in 1925 to \$14,852,050 in 1926. Commodities handled included butter, cream, condensed skim milk, sweetened condensed skim milk, skim milk powder, cheese, and eggs. The quantities of each handled the past two years are as follows:

Commodity	1925	1926
	(Pounds)	(Pounds)
Butter	18,726,239	25,717,329
Cream and whole milk	1,498,396	1,818,855
Buttermilk powder	20,600	None
Condensed skim milk	* 57,240	* 27,270
Sweetened condensed skim milk	1,315,423	1,775,835
Milk powder	235,000	491,750
Skim milk powder	45,000	527,200
Cheese	387,257	592,895
Eggs	**2,004,458	**2,039,053

\* Gallons. \*\* Dozens.

Gross returns to the associations which this sales agency serves were \$9,085,990 in 1925 and \$12,130,849 in 1926. Expenses last year came to \$548,522, or \$3.62 on the hundred dollars. The net balance for proration on the commodities handled was \$17,429. Certificates of indebtedness were issued to the amount of \$19,736, bringing the total for this account up to \$130,788. The association has fixed assets to the amount of \$309,072, and working capital of \$366,826.

### LIMA CREAMERY REVIEWS THREE YEARS' WORK

Two hundred new members during the past year, total sales in all departments amounting to \$678,056, and net earnings of \$9,289, are some of the high spots in the annual report of the Farmers' Equity Union Creamery Company of Lima, Ohio, for the year 1926.

At the close of three years and five months of operation this association has more than sixteen hundred members. Eleven hundred ninety-eight shares of stock are fully paid, and more than five hundred stockholders have made partial payments on their stock. Net worth of the organization is \$136,184, compared with \$127,934 one year ago. From the net earnings of the year, 10 per cent was carried to surplus, a 6 per cent dividend was declared on all stock, and the remainder was left in the undivided profit account.

Products sold by the creamery in each of the last three years have been as follows:

Commodity	1924	1925	1926
Butter (lbs.)	1,046,837	1,165,504	1,138,682
Cheese (lbs.)	000	000	25,703
Dried milk (lbs.)	000	000	30,816
Ice cream (gals.)	22,355	29,443	32,156
Milk (gals.)	54,087	70,908	158,938
Eggs (doz.)	000	194,269	232,058

Total sales for the three years were: 1924, \$462,585; 1925, \$638,148; 1926, \$678,056.

A smaller quantity of butter was made in 1926 than in the preceding years. This fact was attributed partly to unfavorable weather conditions and partly to keen competition for butterfat in the territory served.

Operations of the creamery department have resulted in net gains each of the three years while the other departments have shown losses with the exception of the dried buttermilk department which made a net gain of \$129 in 1926, the first year of operation. The whole milk department is reported to be on a self-sustaining basis at the present time. Although it suffered a net loss for the year, the last five months showed a net gain of \$2,500.

Earnings by the creamery department for the year amounted to \$15,663, and by the dried milk department, \$129. Losses in the other departments were as follows: ice cream, \$1,941; milk, \$1,296; eggs, \$497; cheese, \$2,726; resulting in a net gain of \$9,289.

### LAND O'LAKES CREAMERIES CONSIDER PRODUCTION PROBLEMS

A new feature of the annual meeting of the Land O'Lakes Creameries, Inc., Minneapolis, held March 10 and 11, was a conference of creamery operators to discuss problems relating to standardization and improvement of quality of the product turned out. An afternoon and evening were given to considering the problems of those making sweet cream butter and those making unsalted butter. The evening session was in the nature of an experience meeting at which the different operators told how they had secured various desirable results.

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### WISCONSIN CREAMERY KEEPS UNIFORM RECORDS

One association which has kept its records with some degree of uniformity for a period of years is the Farmers' Cooperative Creamery Association, Black River Falls, Wis. A clear picture of its operations since 1914 may be gained by the following figures selected from the annual reports:

Year	Butterfat received	Butter made	Av. price paid for butterfat	Cost of making butter	Volume of business
	(Lbs.)	(Lbs.)	(Cents)	(Cents per lb.)	
1914	223,505	276,714	30.00	3.23	\$ 77,857
1915	214,925	266,283	29.00	3.27	80,000
1916	164,273	207,500	33.60	- -	68,449
1917	123,710	156,450	43.80	- -	66,485
1918	116,039	148,271	52.80	- -	74,000
1919	135,199	170,072	66.00	- -	101,000
1920	177,131	222,609	64.00	- -	126,838
1921	207,802	257,688	41.87	* 5.50	105,020
1922	294,872	375,758	41.22	* 4.55	144,958
1923	316,477	398,736	48.80	** 4.60	171,246
1924	321,556	400,800	44.54	** 4.50	164,114
1925	354,125	438,744	47.30	** 4.24	191,522
1926	392,658	485,574	46.00	** 4.42	205,908

\* Includes cost of hauling and tubs. \*\* Includes hauling.

This association was organized in 1909. It is a stock company with an authorized capital of \$5,000. It has about 250 stockholders, not all of whom are producers. Dividends are paid on stock but each stockholder has one vote only.



MISSOURI COMMUNITY TO SPECIALIZE IN WHITE LEGHORN FOWLS

Farmers in the vicinity of Pleasant Hope, Polk County, Mo., are working out a plan for raising poultry on a commercial scale, taking as an example the poultry raisers in the vicinity of Petaluma, Calif. Two meetings have been held, a survey of the community has been made, and a general plan adopted. Producers had already decided to unite on one breed of poultry. Following the survey they decided that Single Comb White Leghorns should be the chosen breed. Eggs and baby chicks will be purchased this spring, mostly from breeders who have certified flocks.

The promoters of the plan expect to begin in a small way and let the business grow of its own impetus. They hope to have at least 50 farmers in the charter organization and gradually develop the community into a scientific "egg factory" for the production of high grade, white shelled eggs.

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CALIFORNIA ASSOCIATIONS HANDLE EGGS AND FARM SUPPLIES

Egg sales by the Poultry Producers of San Diego, Inc., San Diego, Calif., were \$554,821 for 1926. Producers were paid \$521,117, or 94 per cent of the amount received by the association. The expenses of operation for the year were \$33,916. Additional income and gains on various pools resulted in a net income of \$21,572. On December 31, 1926, the association had a net worth of \$91,576.

Data regarding the activity of this cooperative enterprise during the last five years are as follows:

Year	Egg sales	Returns to producers	
		Amount	Per cent of sales
1922	\$766,459	\$708,583	92
1923	936,928	871,473	93
1924	800,636	743,052	93
1925	811,678	*770,969	95
1926	554,821	*521,117	94

\*Cost of eggs sold.

Supplies to the amount of \$644,051 were purchased through the buying organization, the San Diego Poultry Association, Inc. The net income of this association for 1926 was \$36,647. Surplus, reserves and amounts available for refunds amounted to \$43,305.

### CALIFORNIA COOPERATIVE INCREASES EGG AND POULTRY SALES

More than 1,500 more cases of eggs were handled by the Porterville Cooperative Poultry Association, Porterville, Calif., in 1926 than in 1925. The association also increased its live poultry marketings by 24,000 pounds. Total sales for the year were \$246,704, of which amount \$211,962 was paid to the producers. Of the net earnings \$1,234 was transferred to the advance fund, after providing for depreciation on fixed assets and for bad debts. This association was formed in 1921 and serves nearly 200 poultry and egg producers.

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### TULARE EGG ASSOCIATION REPORTS SMALLER BUSINESS

With a smaller volume of business than in the preceding year, the Tulare Cooperative Poultry Association, Tulare, Calif., reports net earnings for 1926 of \$1,555, while in the former year it sustained a loss. Total business for 1926 amounted to \$287,608, compared with \$367,461 in 1925.

A number of members withdrew during the year, leaving the figure for membership at the close of the year, 214, compared with 231 last year. The quantity of eggs handled was somewhat less and prices averaged lower. Practically the same quantity of poultry was handled.

A comparative statement by items for the two years shows the following figures:

Commodity	1925	1926
Grain and supplies	\$136,781	\$101,519
Poultry	54,482	54,212
Coops	358	498
Eggs	165,455	124,070
Baby chicks	10,362	7,279
Sundry	23	30
Total	367,461	287,608

Expenses amounted to \$18,003 in 1926, while they were \$21,259 in the former year. Expenses were 6.3 per cent of total business for 1926 and 5.8 per cent for 1925 respectively. In the former year the association handled 481,679 dozen eggs, and in 1926 it handled 418,134 dozen.

From the net earnings of the year the members received \$462 in patronage dividends.

FARMERS' ELEVATORS HANDLE MANY SIDE LINES

Some figures regarding the side lines conducted by farmers' elevators are presented in the Field Report of the Secretary of the Farmers' Elevator Association of Minnesota, prepared for the twentieth annual convention, February 15 to 17, 1927. The number of farmers' elevators in the Middle West is estimated at over 5,000, with a membership around 500,000, and an investment of more than \$100,000,000. They handle about 1,000,000,000 bushels of grain each year, and about \$200,000,000 worth of coal, lumber, feed, twine, seeds, and other farm supplies, bringing their total business to about \$1,000,000,000. The report states that "They pay for themselves once every year in dividends and better prices for grain."

It seems that side lines are becoming an important source of income for many farmers' elevators, some of which make very little profit on handling grain but a good margin on supplies. A summary of the number of elevators handling different lines is given below. The figures are based on reports from 355 elevators in 1924, 346 in 1925, and 361 in 1926.

Commodity	1924	1925	1926
Coal and feed	282	284	290
Feed	267	266	275
Flour	238	239	231
Twine	175	165	182
Salt	171	148	173
Seeds	142	132	169
Implements	82	77	84
Posts	60	58	69
Tile	44	49	42
Livestock	38	40	42
Wire	37	37	42
Oil	--	37	38
Cement	18	22	19
Lumber, etc.	15	23	23
Tires	14	15	10
Sand and gravel	12	10	13
Brick	13	14	12
Autos and tractors	11	13	16
Gas	2	6	7
Wood	2	3	-
Tankage	-	-	1
Hay	-	-	1
Insecticides	-	-	1

### OHIO WOOL ASSOCIATION DOES EDUCATIONAL WORK

Wool receipts by the Ohio Wool Growers' Cooperative Association, Columbus, for 1925, amounted to 4,060,465 pounds. This came from 8,955 consignors in Ohio, Indiana, Michigan and Pennsylvania. Small quantities were also received from producers in Illinois, Missouri, Mississippi and New York. From the three states which pooled their wools the number of consignors and the quantities pooled were as follows: Ohio, 6,797 consignors, 3,349,863 pounds; Indiana, 1,498 consignors, 376,994 pounds; Michigan, 636 consignors, 314,210 pounds.

Fleeces were received from every county in Ohio. Ten counties, however, furnished more than one-half the total receipts from the state. One county supplied more than 227,700 pounds, and two counties supplied less than 1,000 pounds each. The number of consignors per county varied from one to 277.

Educational work in behalf of the cooperative marketing of wool was carried on by four general field service men, assisted by several hundred local workers. A train carrying exhibits of purebred rams, samples of different grades of wool and educational material, made stops at 21 points where instruction was given in wool grading, in relative value of different grades of wool, and in market demands. Quantities of educational material were distributed during the year and five radio talks were given.

The Ohio wool growers organized for marketing in 1918 and by the close of that year 30 counties had been organized and 275,000 pounds of wool had been received. A warehouse was purchased in 1920. Later the Ohio association undertook to market wool for members of the Michigan and Indiana Farm Bureaus. Growth of the association is indicated below:

Year	Wool handled		Number of Consignors
	Pounds	Relative	
1918	275,000	13	456
1919	2,084,000	100	5,680
1920	1,987,000	95	5,320
1921	* 6,227,000	299	11,400
1922	2,725,000	131	6,943
1923	3,744,000	180	9,276
1924	**3,542,000	170	8,431
1925	**4,555,852	219	10,300
1926	**4,060,465	195	8,955

\* Parts of two clips.

\*\* Including wools from Indiana, Michigan, Pennsylvania and other states.



### DARK TOBACCO ASSOCIATION OPERATING

On January 11, the Dark Tobacco Growers' Cooperative Association, Hopkinsville, Ky., opened eight receiving stations and began taking in tobacco of the 1926 crop. This action was decided upon by the board of directors at a meeting held on January 4. The association is making advances on deliveries of tobacco on the basis of a report by a bankers' appraisal committee. These advances vary from less than 2 cents a pound to over 22 cents.

The directors of the association also decided to conduct a campaign for signatures to a new marketing contract to replace the contract, signed by 75,000 tobacco growers in Kentucky, Tennessee and Indiana, which expires with the marketing of the 1926 crop.

Readers will remember that the association did not handle tobacco of the 1925 crop, but functioned only in connection with the unsold tobacco of the previous crops in the warehouses controlled by the association. The action to receive tobacco again was based partly on the signatures of 5,000 growers asking for such procedure.

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### FATE OF WISCONSIN TOBACCO POOL RESTS WITH GROWERS

The future of the Northern Wisconsin Tobacco Pool, Madison, is in the hands of the growers, according to a statement from the management. Renewal contracts must be signed before April 1 or the business director will recommend that action be taken to wind up the affairs of the Pool. Preparations have been made for such a contingency. Most of the tobacco has been sold, all employees are subject to 30 days notice to quit, and all warehouse leases terminate in March or July of this year.

In a recent summary of the accomplishments of the organization, the business director reminded growers that the Tobacco Pool started in January, 1923, without either capital or credit, and without a business organization or any business connections. In a little more than four years it has handled over 103,000,000 pounds of tobacco and has paid the growers in cash more than \$10,000,000. Of the quantity of tobacco handled by the Pool more than 60,000,000 pounds was stemming tobacco, of which 13,000,000 pounds was badly frozen in 1923. Yet the Pool has paid the growers an average of more than 10 cents a pound in cash on all tobacco delivered to the Pool. As the average price in 1921, before the Pool started in business, was 7 cents a pound, this means that the Pool has brought the growers three million dollars more than they would have received under the old system, and the final payment will add practically another million, it is stated.

In the meantime the association has built up a successful business organization which has established credit of millions of dollars, and has accumulated \$550,000 capital.



### HONEY PRODUCERS OF MOUNTAIN STATES ORGANIZE

Organization of the Mountain States Honey Producers' Association, Inc., Boise, Idaho, was completed on February 24, after a three-days meeting at Laramie, Wyo., concluding with an all-night session. This is a consolidation of the honey-producing interests of Idaho, Utah, Montana, Wyoming and Colorado, in one large marketing association. Officers were chosen and arrangements made to set up offices temporarily at Boise, to market the balance of the 1926 honey. Plans have been made for financing the marketing of the crop through the Federal intermediate credit banks, and for utilizing such existing distributing agencies as can best serve the interests of the members.

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### ILLINOIS SEED ASSOCIATION REPORTS FOR FOURTH POOL

More than 600,000 pounds of seeds were included in the 1925 red-top seed pool conducted by the Egyptian Seed Growers' Exchange, Flora, Ill. Sales amounted to \$115,757 and expenses to \$13,605. At the close of its business year the Exchange had a net worth of \$11,414.

Operating expenses per pound for the seed pools conducted in the past four years are reported by the management as follows: 1922, 2.3 cents; 1923, 1.58 cents; 1924, 1.65; and 1925, 3.3 cents.

A subsidiary organization, the Red Top Growers' Warehouse Association, cleans and warehouses the seeds delivered by the members. The warehouse association has fixed assets to the value of \$18,800. Its capital stock is almost entirely held by the Exchange.

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### GEORGIA CANE GROWERS ARE COOPERATING

Sales by the Cane Growers' Cooperative Association, Cairo, Ga., for the four years it has been operating, are reported as follows: 1922 crop, \$400,000; 1923, \$302,877; 1924, \$194,975; 1925, \$234,951. The association was formed in May, 1922, to market cane syrup cooperatively for about 1,500 growers. A subsidiary corporation, the Cane Growers' Canning and Warehousing Company, was created to process the syrup preparatory to marketing.

Cost of operating the marketing association for the 1925-26 season was \$50,832, leaving \$185,868 available for distribution to growers. The canning association made a profit of \$974, which amount was transferred to the growers' association for distribution.

The consolidated balance sheets of the two enterprises show that the combined net worth of the two increased from \$25,825 in 1925 to \$30,256 in 1926.

OFFICERS OF UNINCORPORATED ORGANIZATION LIABLE

May the officers of an unincorporated organization be held liable on account of an obligation entered into by them for and on behalf of the organization? The answer is "Yes."

In *Vorachek v. Anderson*, 211 N.W. 984, a case recently decided by the Supreme Court of North Dakota, the receiver of a bank sued the defendants "on a promissory note, signed 'Dickinson Baseball Association, by J. C. Anderson, President, and Fred F. Flury, Secretary.' The Dickinson Baseball Association was a voluntary association, composed of a large number of the residents of Dickinson, and organized for the purpose of furnishing baseball amusement during the season of 1921."

In holding the defendants liable the court said in part: "The Dickinson Baseball Association was evidently composed of a large number of members. Being members of the Baseball Association as such would not create a personal liability, but in the case at bar we have two of the members actually assenting to the contract upon which the liability is predicated. True, they claim that when they signed, they signed solely on the ground that they were acting only as agent and with no intention to bind themselves personally; in fact, that there was a distinct agreement that they were not to be bound. In the case of *Detroit Light Guards Band v. First Mich. Ind. Infantry et al.*, 134 Mich. 598, 96 N.W. 934, it is held:

One who makes a contract on behalf of a voluntary association is personally liable thereon, although he is acting only as agent for the association, and does not intend to bind himself.

If 'an officer of a voluntary association enters into a contract in behalf of the association, he is liable thereon as an individual, irrespective of the liability of the associate members, although he does not intend to render himself liable and believes that the law does not render him so.' 5 C. J. 1351.

This rule is upheld in the case of *Medlin v. Ebenezer Methodist Church et al.*, 132 S. C. 498, 129 S. E. 830.

If the organization involved had been incorporated, its officers would not have been liable.

L. S. Hulbert.

LIABILITY OF THIRD PERSONS RE MARKETING CONTRACT

On January 24, 1927, the Supreme Court of Colorado decided the case of the *Monte Vista Potato Growers' Co-op. Assn., v. Bond et al.*, 252 P. 813. The association brought suit against one of its members and his father for an accounting, for the recovery of damages, and for an injunc-

tion to prevent them from violating the marketing contract entered into by the association with the member in question. It appeared that W. A. Bond, a member of the association, leased to his father 40 acres of land to be planted to potatoes by him. The potatoes were not delivered to the association and it brought suit on the theory that the potatoes were subject to its marketing contract.

The lower court held that the association was entitled to an injunction against W. A. Bond, and to a judgment for liquidated damages and attorney fees, cost of bond, and costs of suit, against him, but that it was not entitled to any relief against his father. The association then appealed the case.

Upon the trial of the case James Bond testified that he knew that his son was a member of the association and that he leased the land from him "for the purpose of attempting to escape " from the marketing contract. With respect to the foregoing the court said: "If the arrangement between W. A. and James Bond was entered into for the purpose of assisting W. A. Bond to escape the obligations of his contract with the plaintiff, then certainly the injunction was properly made permanent against both defendants, and should not have been dissolved as to James Bond. James Bond could not, knowingly and designedly, join with his son in a wrongful and unlawful attempt to breach W. A. Bond's contract with plaintiff, and himself escape liability on the ground that he was not a member of the association, and not a party to the contract. *Hollingsworth v. Texas Hay Assn.* (Tex. Civ. App. 1922, 1923) 246 S. W. 1068."

In addition the court called attention to the fact that the cooperative statute of Colorado contained a provision to the effect that in any action upon any marketing agreement it shall be conclusively presumed that a landowner, landlord, or lessor is able to control the delivery of products produced on his land by tenants or others. With respect to this matter the court said: "the section of the statute quoted creates a conclusive presumption that the lessor is able to control the delivery of products raised on his land by tenants or others. It has been held that it is within the power of the Legislature to provide such rule of conclusive presumption, and, as such a presumption cannot be overcome by contrary proof, the effect of the provision is to put it out of the power of either landlord or tenant, lessor or lessee, to plead or prove any fact tending to show that the landlord or lessor did not have such control. *Feagain v. Dark Tobacco Growers' Cooperative Assn.* (1924) 202 Ky. 801, 261 S. W. 607."

As indicated in the foregoing quotation, the court of appeals of Kentucky held a provision in the Kentucky statute, similar to the one under discussion in the Colorado statute, constitutional. In *Louisiana Farm Bureau Cotton Growers' Co-op Assn. v. Clark*, 107 So. 115, the Supreme Court of Louisiana held a corresponding provision in the Louisiana statute unconstitutional.

In the instant case it was further held that James Bond was equally liable with W. A. Bond "for the damage sustained by plaintiff on account of W. A. Bond's violation of his contract," and the court directed that the lower court should enter judgment against both of them for the damage sustained.

L. S. Hulbert.



RECENT LEGISLATION OF INTEREST TO COOPERATIVE ASSOCIATIONS

This is a brief summary of some of the more important legislation enacted during the second session of the Sixty-Ninth Congress, in so far as the measures which have become laws relate to subjects more or less directly concerned with agricultural cooperative associations.

One of the bills receiving approval by the President during the closing days of Congress was S. 2965. This measure is designed to prevent boards of trade and similar organizations, whose members deal in or handle agricultural products in interstate commerce, from excluding from membership representatives of farmers' cooperative associations or of an organization acting for a group of such associations if the association or organization has adequate financial responsibility and complies or agrees to comply with lawful terms and conditions imposed upon other board members.

It expressly forbids the application of the rule against rebating to the practice of cooperative associations of returning to their members money collected in excess of the cost of conducting the business. It gives the association the right to sue in the Federal court for a mandatory injunction to compel admission and for damages sustained. This act includes all boards of trade doing an interstate commerce business in agricultural products, except those operating under the Grain Futures Act of 1922, which act provides for the admission of cooperatives to such boards of trade.

Section 203 (a) of the Agricultural Credits Act of 1923 provides that each national agricultural credit corporation shall have power to make advances upon, to discount, rediscount or purchase and sell or negotiate notes, drafts, or bills of exchange, and to accept drafts or bills of exchange which are secured by warehouse receipts or other like documents conveying or securing title to nonperishable and already marketable agricultural products, or by chattel mortgages, or other like instruments conferring a first and paramount lien upon livestock which is being fattened for market or on agricultural crops being grown for market.

The underscored words were added to this section by H. R. 9268 which was approved by the President, February 8, 1927.

A law was passed to regulate the importation of milk and cream into the United States for the purpose of protecting the public health. This measure was designated as H. R. 11768. It is intended to prevent the importation into this country of milk and cream for human consumption which is not produced under conditions conducive to the public health. The measure provides that the Secretary of Agriculture shall establish such rules and regulations for its enforcement as in his judgement are necessary and further that the Secretary of Agriculture shall cause necessary inspections to be made to insure that the milk and cream are produced in accordance with its provisions and the regulations thereunder. When it is found that such milk and cream is being produced and handled so that it may be imported under the provisions of the act, the Secretary

of Agriculture shall issue to persons making application therefor permits to ship such milk and cream into the United States. Provision is made for the suspension or revocation of permits when it is found the holders thereof have violated the act. Under this measure it is a misdemeanor for any person in this country to receive milk or cream imported into the United States, unless the importation is in accordance with the provisions of this act.

A law designated as H. R. 10510, which has for its object among other things the prevention of the destruction and dumping of farm produce received in interstate commerce by commission merchants, was enacted during the latter part of the session. The measure has a twofold purpose: First, it is intended to prevent commission merchants and others from destroying, abandoning or dumping fruits, vegetables, or other forms of perishable farm produce without good and sufficient cause, and second, it is intended to prevent commission merchants and others receiving such produce in consignment from making a fraudulent report to the shipper that all or a part of such produce has been dumped or destroyed on account of alleged deterioration, without the shipper having any means of ascertaining whether or not the produce was actually in such condition as to necessitate dumping, or whether it was actually dumped.

The Secretary of Agriculture is authorized to make such rules and regulations as he may deem advisable to carry out the provisions of the act. Those found guilty of violation of this law may be punished by a fine of not less than \$100 and not more than \$3,000 or by imprisonment for a period of not exceeding one year, or both, at the discretion of the court. No funds were appropriated for carrying out the provisions of this act.

S. 4746, which authorizes the Secretary of Agriculture to collect and publish statistics of the grade and staple length of cotton, was enacted into law. It provides for a report on the grades and staples of the cotton on hand in the warehouses and cotton storage places on August 1 of each year, which is sometimes referred to as the "carry over," and also a report at intervals on the grades and staples of cotton ginned during the year. Heretofore the Department of Agriculture has issued semimonthly reports, beginning with July and ending with December of each year, and giving the Department's estimate of the number of bales of cotton to be produced during the current crop year. During this period of time 11 of such estimates were published. Under the terms of the new law these estimates are reduced to five, these to be issued as of August 1, September 1, October 1, November 1, and December 1, and made public simultaneously with the ginning reports. Because of the failure of the second deficiency bill, no special appropriation was made for carrying out the provisions of this act. However, the regular appropriation act of the Department of Agriculture appropriated \$50,000 for an experimental study with respect to estimating the grade and staple of cotton ginned. The Department has made plans to conduct such a study this season in selected cotton-producing regions.



REPORTED BY THE ASSOCIATION

Eighty per cent of the creameries in Minnesota in 1925 were co-operative, according to figures compiled by the State Dairy and Food Department. The percentage of cooperative enterprises increased slowly from 72 per cent in 1912 and 1913 to 80 per cent in 1925.

Fifteen meetings were held recently in the province of Ontario, Canada, in behalf of the organization of a cooperative association for marketing grain. A tentative marketing contract provides for the handling of wheat, oats, and barley. A farmer may sign for all three crops, for two crops, or for only one.

Shipments by the Texas Farm Bureau Melon Growers' Association, Beeville, amounted to 120 cars for the 1926 season. Total sales were \$25,300. Growers were paid \$18,590 and the expense of marketing, including adjustments, was \$5,800. The association closed the business year with \$1,115 cash on hand.

During 1927 the National Grain Commission Company, Omaha, a subsidiary of the Farmers' Union of Nebraska, handled 541 cars of grain. This grain came from individuals and from 71 elevators located in six states. The total turnover for the year in dollars amounted to \$769,000. Net earnings for the year were \$829. The company has been operating for four years.

Patronage refunds varying in amount from \$5 to \$91.90 were paid to 137 members of the Effingham Cooperative Equity Exchange Company, Effingham, Ill., on the business transacted in 1926. The stockholders of the company received 5 per cent on their investment. Total business for the year amounted to \$101,437, and net earnings were \$7,578.

Sales of white potatoes by the Carolina Cooperatives Consolidated, Florence, S. C., for the year ending September 8, 1926, amounted to \$47,521, of which the growers received \$42,500. Gross earnings were \$2,472. Sales of beans and peas came to \$3,156, of which \$2,926 went to the growers. Total operating expenses amounted to \$2,592, and net earnings for the year were \$449.

Grading standards adopted last year by the California Walnut Growers' Association, Los Angeles, have been modified recently because of considerable dissatisfaction among the growers. Hearings on the subject, held in the principal growing sections, were attended by more than 800 growers. As a result, the tolerance of amber kernels in both "Diamond" and "Emerald" brands is increased and the individual branding of "Emerald" walnuts is eliminated.

### NEW PUBLICATIONS FOR CONSUMERS' COOPERATIVES

The Central States Cooperative League, Bloomington, Ill., organized to promote the cooperative consumers' movement, has begun the publication of an official paper called Central States Cooperator. While the paper will be devoted to the advancement of the cooperative movement throughout the world, it is to be distinctively the organ of the Central States Cooperative League and its constituent members. The first number is dated February, 1927.

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### NEW BIBLIOGRAPHY ON COOPERATION

Cooperation in Agriculture is the title of a selected and annotated reading list dealing with purchasing, marketing and credit, which has just been issued by the United States Department of Agriculture. The publication was prepared in the newly established Division of Cooperative Marketing. In addition to a complete list of books, bulletins and circulars arranged by authors, a classified list of the publications and a list of current periodicals dealing with cooperation are added.

This publication is the most complete bibliography of works in English upon the subject of cooperation. Copies may be procured from the Division of Cooperative Marketing, Department of Agriculture, Washington, D. C.

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### REVISED LIST OF HOUSE ORGANS AVAILABLE

The list of Publications Issued by Farmers' Business Organizations has been revised and is now ready for distribution to interested persons. Ninety-two periodicals appear on the list, compared with 87 one year ago. The number of publications under each commodity is as follows: Beans, 1; broomcorn, 1; cotton, 9; dairy products, 23; fruits and vegetables, 15; grain, 10; livestock, 3; nuts, 3; peanuts, 1; potatoes, 2; poultry products, 7; rice, 1; tobacco, 4; watermelons, 1; wool, 4; miscellaneous, 7. Several changes have occurred since the last list was issued, early in 1926. There is one less entry under each of the following commodities: dairy products, grain, livestock, peanuts, potatoes, and tobacco, while there are 4 more under fruit, 2 more under poultry products, 2 more under wool, and 3 under miscellaneous.

Requests for copies of the list should be addressed to the Division of Cooperative Marketing, U. S. Department of Agriculture, Washington, D. C.

SELECTED LIST OF PUBLICATIONS AND ARTICLES

- Addis, Horace. Cooperation Aids Bean Growers: Twin Falls Association Saves \$600,000 for Growers. Idaho Farmer, Boise, Idaho, February 3, 1927, p. 17.
- Barnes, Alfred. The Political Aspect of Co-operation. Revised and enlarged edition. Cooperative Union Limited, Manchester, England, 1926, p. 84.
- Benedict, M. R. Good and Bad Signs in Co-ops. Progress Made During Periods of Depression. Dakota Farmer, Aberdeen, S. D., February, 1927, p. 174.
- Downie, Ernest R. Experience of Kansas Pool in Enforcing Contracts: Attitude of Local Members Toward Violations Has Undergone Great Change. When Growers' Journal, Wichita, March 1, 1927, p. 7.
- Harper, J. D. In the Hands of a Friend From Beginning to End. Live-stock Merchandising Makes a \$134,000,000 Turnover in One Year--and They Call Themselves Farmers. The Bureau Farmer, Fort Wayne, Ind., March, 1927, p. 7.
- Jardine, William M. The Farmer's Place Under the Sun. Century, New York City, March, 1927, p. 543.
- McRae, Donald. Saskatchewan Elevator Head Answers Grain Trade Propaganda. The Wheat Grower, Grand Forks, N. D., March 1, 1927, p. 7.
- Orr, John T. Functions of American Cotton Growers' Exchange and Relation of Texas Association. Farm Bureau News, Dallas, Tex., February 1, 1927, p. 9.
- Randell, C. G. Management Problems of Cooperative Livestock Commission Associations. 16 p. National Live Stock Producers' Association, Chicago, 1927.
- Rothman, A. D. Australia Pioneer in Dairy Methods and Cooperation. Dairymen's League News, New York City, March 4, 1927, p. 1.
- The Unity Co-operative Dairymen's Association. Rural New Yorker, New York City, February 26, 1927, p. 333.
- Wright, Floyd M. Community Markets Turkeys Cooperatively. Western Farm Life, Denver, Colo., January 15, 1927, p. 2.
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